

Message Text

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PAGE 01 STATE 145282
ORIGIN EB-07

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
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DRAFTED BY: EB/ORF/FSE:PKBULLEN:FEA:DOLIVER
APPROVED BY: EB/ORF:SWBOSWORTH
FEA:CTHOMPSON (DRAFT)
EB/SBA:ADBRAMONTE
ARA:WHLUERS
TREASURY:ABAKER
COMMERCE:ABOLSTER/RADES
E:PEINHORN
LABOR:LAVALLE
ARA/MEX:MYOHN (DRAFT)
EB/ORF/FSE:LRRACHT
EB/OIA:DGRANT

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FM SECSTATE WASHDC
TO AMEMBASSY MEXICO PRIORITY

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E.O. 11652: N/A

TAGS: ENRG, EMIN, EINV, US, MX

SUBJECT: CONSULTATIVE MECHANISM: ECONOMIC GROUP:
PROPOSED AGENDA FOR SUBGROUP ON ENERGY, MINERALS, INDUSTRY,
AND INVESTMENT

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PAGE 02 STATE 145282

1) REQUEST EMBASSY TRANSMIT LETTER WITH ATTACHMENT
(PARAS 3 AND 4) FROM US CO-CHAIRMEN TO MEXICAN CO-CHAIRMAN
OF SUBGROUP ON ENERGY, MINERALS, INDUSTRY, AND INVEST-
MENT. PER REFTTEL, US REPRESENTATION ON SUBGROUP WILL
BE COCHAIRLED BY DEPUTY ASSISTANT SECRETARY OF STATE
BOSWORTH AND FEA DEPUTY ASSISTANT ADMINISTRATOR

THOMPSON.

2) DURING JUNE 1 MEETING OF ECONOMIC WORKING GROUP, MEXICAN DELEGATION INDICATED THAT UNDERSECRETARY OF NATIONAL PATRIMONY NATHAN WARMAN WOULD PROBABLY BE MEXICAN CO-CHAIRMAN. PLEASE CONFIRM BEFORE DELIVERING LETTER, AND ADDRESS IT ACCORDINGLY. ADVISE DEPARTMENT RE MEXICAN CO-CHAIRMAN AND MEXICAN SUGGESTIONS FOR AGENDA.

3) QUOTE: DEAR MR. SECRETARY: PURSUANT TO THE DISCUSSIONS OF THE ECONOMIC WORKING GROUP OF THE US-MEXICAN CONSULTATIVE MECHANISM, ATTACHED ARE US SUGGESTIONS FOR THE AGENDA OF THE SUBGROUP ON ENERGY, MINERALS, INDUSTRY, AND INVESTMENT. WE LOOK FORWARD TO RECEIVING YOUR SUGGESTIONS, SO THAT WE CAN TOGETHER DEVELOP A JOINT AGENDA.

IF YOU AGREE, WE AND OUR ADVISORS WOULD BE PREPARED TO COME TO MEXICO CITY FOR DISCUSSIONS IN JULY, AS HAD BEEN SUGGESTED AT THE JUNE 1 MEETING IN WASHINGTON. WE WOULD PROPOSE THAT WE MEET FOR ABOUT TWO DAYS DURING THE WEEK OF JULY 11.

WE LOOK FORWARD TO THE COMING MEETINGS AS A MEANS OF CARRYING FORWARD THE CONSTRUCTIVE COOPERATION WHICH LIMITED OFFICIAL USE

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PAGE 03 STATE 145282

CHARACTERIZES MEXICAN-US RELATIONS. CORDIALLY, STEPHEN W. BOSWORTH, DEPUTY ASSISTANT SECRETARY OF STATE
CECIL B. THOMPSON, DEPUTY ASSISTANT ADMINISTRATOR, FEDERAL ENERGY ADMINISTRATION

4/ AGENDA PROPOSALS
ENERGY, MINING, INDUSTRY, AND INVESTMENT

A. PETROLEUM DEVELOPMENT
MEXICAN OIL AND GAS PRODUCTION AND EXPORTS ARE OF MAJOR SIGNIFICANCE FOR MEXICAN ECONOMIC DEVELOPMENT AND FOR HELPING MEET HEMISPHERIC AND WORLD ENERGY NEEDS. TO FACILITATE MEXICAN PETROLEUM DEVELOPMENT, THE USG IS PREPARED TO EXCHANGE INFORMATION WITH MEXICO AND SHARE ITS OWN EXPERIENCE IN VARIOUS FIELDS:

- (1) ENERGY ANALYSIS, FORECASTING, AND PLANNING
- (2) TECHNIQUES FOR GEOLOGICAL INTERPRETATION AND RESERVE ESTIMATION, INCLUDING MEASUREMENT CONCEPTS AND RELATED DATA SYSTEMS
- (3) METHODS TO IMPROVE THE EFFICIENCY OF ENERGY FUEL

USE

- (4) AVAILABILITY OF TECHNOLOGY AND EQUIPMENT FOR EXPLORATION AND DEVELOPMENT ON AND OFFSHORE
- (5) AN APPRAISAL OF US MARKET POTENTIALS FOR OIL, NGL, AND GAS IMPORTS
- (6) EXPERIENCE IN ENERGY-RELATED ENVIRONMENTAL ANALYSIS AND CONTROL, INCLUDING USE AND DISPOSITION OF WATER IN ENERGY PRODUCTION PROCESSES

B. NATURAL GAS EXPORTS

CONTACTS BETWEEN OUR TWO GOVERNMENTS COULD ASSIST IN FACILITATING MOVEMENT OF THE LARGE VOLUMES OF MEXICAN NATURAL GAS WHICH ARE ANTICIPATED. IT COULD LIMITED OFFICIAL USE

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PAGE 04 STATE 145282

BE PRODUCTIVE TO DISCUSS:

(L) MEXICO'S LONG-TERM GAS PRODUCTION AND EXPORT POTENTIAL AND PLANS

(2) US MARKET POTENTIALS

(3) THE ECONOMICS OF GAS PRODUCTION, DOMESTIC CONSUMPTION, PRICING, AND TRANSPORTATION

(4) INSTITUTIONAL CONSIDERATIONS IN GAS EXPORTS TO THE US, INCLUDING THE ROLES OF THE MEXICAN AGENCIES INVOLVED, AND OF THE US FEDERAL POWER COMMISSION, STATE REGULATORY AUTHORITIES, AND COMPANIES.

C. INDUSTRY AND INVESTMENT

FROM THE US POINT OF VIEW, INDUSTRIAL DEVELOPMENT AND INVESTMENT ARE CLOSELY LINKED. TO THE EXTENT THAT MEXICO WISHES US PRIVATE INVESTMENT AND TECHNOLOGY TRANSFER IN SUPPORT OF ITS ECONOMIC GOALS, THE CLIMATE FOR FOREIGN INVESTMENT IS FUNDAMENTAL. IN ORDER TO HELP EXPAND US-MEXICAN COOPERATION IN MEXICAN INDUSTRIAL DEVELOPMENT, WE WOULD BE INTERESTED IN DISCUSSING LEGISLATION CONCERNING PATENTS AND TRADEMARKS, THE MEXICAN IN-BOND INDUSTRY PROGRAM, AND OTHER ISSUES RELATED TO THE INVESTMENT CLIMATE.

D. MINERALS RESEARCH

THERE ARE A NUMBER OF AREAS IN WHICH JOINT GEOLOGICAL RESEARCH COULD BE MUTUALLY BENEFICIAL. AS ILLUSTRATIVE

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EXAMPLES, THESE COULD INCLUDE SUCH TOPICS AS:
ANALYSIS OF THE HYDROCARBON POTENTIAL OF GEOLOGIC
BASINS WHICH OVERLAP THE BORDER; USE OF REMOTE
SENSING TECHNIQUES; ASSESSMENT OF GEOTHERMAL, COAL,
URANIUM, AND OTHER RESOURCES; ESTABLISHMENT OF COMPATIBLE
RESOURCE DATA SYSTEMS. WE WOULD BE READY TO CONSIDER
OTHER GEOLOGICAL RESEARCH PROPOSALS WHICH MEXICO
MAY WISH TO SUGGEST.

E. SINCE BOTH MEXICO AND THE US HAVE IMPORTANT INTERESTS
IN COPPER AND ARE PARTICIPANTS IN THE UNCTAD COPPER
TALKS IN GENEVA, IT WOULD BE USEFUL TO EXCHANGE
VIEWS ON THE PROGRESS OF THE TALKS, AND ON PROPOSALS
FOR INCREASING STABILITY IN THE INTERNATIONAL COPPER
MARKET. UNQUOTE CHRISTOPHER

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